

ONE HUNDRED FIFTH LEGISLATURE - SECOND SESSION - 2018
COMMITTEE STATEMENT
LB741

Hearing Date: Monday January 22, 2018
Committee On: Banking, Commerce and Insurance
Introducer: Lindstrom
One Liner: Change provisions relating to real property appraisers

Roll Call Vote - Final Committee Action:
Advanced to General File

Vote Results:

Aye:	7	Senators Baker, Brewer, Kolterman, Lindstrom, McCollister, Schumacher, Williams
Nay:		
Absent:	1	Senator Harr
Present Not Voting:		

Verbal Testimony:

Proponents:

Senator Brett Lindstrom
Tyler Kohtz
Jerry Stilmock

Representing:

Introducer
NE Real Property Appraiser Board
NE Bankers Assn.

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

OVERVIEW

This bill, introduced at the request of Nebraska's Real Property Appraiser Board, would update Nebraska's Real Property Appraiser Act for compliance with Title XI of the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("Title XI"), the Uniform Standards of Professional Appraisal Practice ("USPAP"), and the Policy Statements of the Appraisal Subcommittee of the Federal Financial Institutions Examination Council ("ASC Policy Statements"). Title XI requires each state to prescribe appropriate standards for the performance of real estate appraisals in connection with federally related transactions. In addition, real estate appraisals are to be performed in accordance with generally accepted uniform standards, and are to be performed by an individual whose competency has been demonstrated, and whose professional conduct is subject to effective state supervision. If the State of Nebraska is found to not be in compliance with Title XI by the Appraisal Subcommittee, it may remove all Nebraska-credentialed appraisers from the Federal Registry, resulting in no appraisers being qualified to appraise real property in connection with federally related transactions, which is approximately 80 percent of all mortgage loan activity in the state. Along with the changes required by the Appraisal Subcommittee, USPAP, and the ASC Policy Statements, the bill also would make minor changes to address administration of the Real Property Appraiser Act by Nebraska's Real Property Appraiser Board, including elimination of a credential that is not in use.

SUMMARY

The bill would amend the Real Property Appraiser Act to provide, section by section, as follows:

Section 1 would amend section 76-2201 to provide for definition section number assignment or re-assignment of sections 6 to 21, which are definition sections.

Section 2 would amend section 76-2202 to repeal an unnecessary date reference to the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Section 3 would amend section 76-2203 to update an internal reference to definition sections.

Section 4 would amend section 76-2205.02 to change the definition of "appraisal review assignment" to "appraisal review" and to provide that it further means "pertaining to an opinion about the quality of another appraiser's work that was performed as part of a valuation assignment, evaluation assignment, or appraisal review assignment." These changes would reflect the provisions of the 2018-19 edition of USPAP.

Section 5 would amend section 76-2207.01 to provide that an "assignment" means valuation service that is performed "by an appraiser" as a consequence of an agreement "with a client" rather than "(1) an agreement between a real property appraiser or real property associate and a client to perform a valuation service or (2) the" valuation service that is performed as a consequence of such agreement. These changes would reflect the provisions of the 2018-19 edition of USPAP.

Section 6 would enact a new section to provide a definition of "assignment results": "the opinions or conclusions developed by a real property appraiser when performing valuation services specific to an assignment not limited to value for an appraisal assignment, and not limited to an opinion about the quality of another appraiser's work for an appraisal review assignment." This new definition would reflect the provisions of the 2018-19 edition of USPAP.

Sections 7 to 10 would amend sections 76-2207.02, 76-2207.03, 76-2207.04, and 76-2207.05 to provide for section number re-assignment.

Section 11 would amend section 76-2207.06 to provide for section number re-assignment and to repeal a reference to real property associates.

Sections 12 to 14 would amend sections 76-2207.07, 76-2207.08, and 76-2207.09 to provide for section number re-assignment.

Section 15 would amend section 76-2207.10 to provide for section number re-assignment and to repeal a reference to real property associates.

Sections 16 and 17 would amend sections 76-2207.11 and 76-2207.12 to provide for section number re-assignment.

Section 18 would amend section 76-2207.13 to provide for section number re-assignment and to provide that "Fifteen-hour National Uniform Standards of Professional Appraisal Practice Course" means the course approved by the Appraisal Qualifications Board and no longer also means the equivalent course as approved by the Real Property Appraiser Board. This section would repeal an unnecessary date reference to the fifteen-hour course.

Section 19 would amend section 76-2207.14 to provide for section number re-assignment and to update an internal date reference.

Sections 20 and 21 would amend sections 76-2207.15 and 76-2207.16 to provide for section number re-assignment.

Section 22 would amend section 76-2215 to provide that "real property activity" means any act or process involved in developing an analysis, opinion, or conclusion relating to the specific interests, rather than the "value of" specified interests, in or aspects of identified real estate or real property. This section would repeal "value of" due to redundancy.

Section 23 would amend section 76-2216.02 to provide that "report" means a communication of an appraisal or

appraisal review transmitted to a client "or a party authorized by the client" upon completion of an assignment. These changes would reflect the provisions of the 2018-19 edition of USPAP.

Section 24 would amend section 76-2218.02 to update a date reference in the definition of "Uniform Standards of Professional Appraisal Practice."

Sections 25 to 27 would amend sections 76-2219.01, 76-2220, and 76-2221 to repeal references to real property associates.

Section 28 would amend section 76-2222 to repeal redundant provisions regarding membership of the Real Property Appraiser Board. These provisions are outdated due to a previous amendment in this section. This section would also capitalize "the" as it references "The Appraisal Foundation."

Section 29 would amend section 76-2227 to repeal provisions which require that "credentials shall be issued only to persons who have demonstrated a general knowledge of Nebraska law as it pertains to real property appraisal activity" because these provisions create an unnecessary burden to entry into the profession.

Section 30 would amend section 76-2233 to update provisions regarding issuance of credentials through reciprocity in order to lessen the burden to obtaining a credential in Nebraska. This section would also add a clear standard by which the Real Property Appraiser Board shall verify the standing of a reciprocal applicant's jurisdiction of practice.

Section 31 would amend section 76-2233.03 to repeal provisions regarding real property associates.

Section 32 would amend section 76-2236 to repeal a requirement that no more than 14 hours of continuing education activities in each two-year continuing education period may be taken online or by correspondence. This section would repeal a requirement that the seven-hour National USPAP Update Course shall be taken in a classroom and not online or by correspondence. This section would repeal a requirement for a report writing update course as part of continuing education because this requirement places an unnecessary burden on Nebraska credential holders. This section would also repeal an unnecessary internal reference.

Section 33 would amend section 76-2236.01 to repeal references to real property associates.

Section 34 would amend section 76-2238 to update provisions relating to "appraisal reviews" and "appraisal results." These changes would reflect the provisions of the 2018-19 edition of USPAP. This section would also repeal references to real property associates.

Sections 35 to 37 would amend sections 76-2245, 76-2246, and 76-2247.01 to repeal references to real property associates.

Section 38 would provide for repealers of amendatory sections.

Section 39 would outright repeal sections 76-2216.01 and 76-2227.01 which provide for issuance of a Nebraska-specific credential: real property associate. No such credential has been issued.

Section 40 would provide for the emergency clause.

